

**MINUTES**

**MONTANA HOUSE OF REPRESENTATIVES  
59th LEGISLATURE - REGULAR SESSION**

**JOINT APPROPRIATIONS SUBCOMMITTEE ON EDUCATION**

**Call to Order:** By **MADAM CHAIR EVE FRANKLIN**, on January 31, 2005  
at 8:02 A.M., in Room 102 Capitol.

**ROLL CALL**

**Members Present:**

Rep. Eve Franklin, Chairman (D)  
Sen. John Esp (R)  
Rep. Bill E. Glaser (R)  
Rep. Verdell Jackson (R)  
Rep. Carol C. Juneau (D)

**Members Excused:** Sen. Don Ryan, Vice Chairman (D)  
Sen. Carol Williams (D)

**Members Absent:** None.

**Staff Present:** Mark Bruno, OBBP  
Alan Peura, Legislative Branch  
Diana Williams, Committee Secretary

**Please Note.** These are summary minutes. Testimony and  
discussion are paraphrased and condensed. Tape  
counter notations refer to material preceding.

**Committee Business Summary:**

Hearing & Date Posted: University of Montana and  
3 Educational Units  
Executive Action: None

An agenda was provided by Legislative Fiscal Division (LFD).

**EXHIBIT(jeh24a01)**

The campuses's presentation was a combined PowerPoint presentation. For clarity purposes, the papers were broken out as follows: Exhibits 2,3,5,7,11,12. Exhibits 13,14, and 15 deal with the campuses of UM as a whole.

***{Tape: 1; Side: A; Approx. Time Counter: 0 - 0.9}***

OVERVIEW - UNIVERSITY OF MONTANA CAMPUSES

**Dr. George Dennison, President, University of Montana, Missoula,** provided a brief introduction that addresses the restructuring process. Then each officer of the various campuses would provide their overview, specifying issues that each specific campus faces. Public testimony will occur after each overview. Questions can be taken at the convenience of the Subcommittee. Dr. Dennison will provide a brief close at the end.

**EXHIBIT(jeh24a02)**

**Dr. Dennison** said the restructuring that took place about ten years ago has been successful and three areas benefitted.

First, is administrative collaboration. **Dr. Dennison** explained this process and how it has worked to help them. Forty million dollars has been saved due to this collaboration.

Second, is in multi-campus vendor contracts for scientific equipment, food service and academic supplies.

Third, is academic collaboration. **Dr. Dennison** specifically talked about the collaborative effort between Tech and the Missoula campus which is dealing with developing a nano-technologies system applicable to bio-engineering, environmental remediation and production of hydrogen storage and fuel cells.

***{Tape: 1; Side: A; Approx. Time Counter: 0.9 - 5.7}***

Overview of UM-Helena College of Technology

**Robert Frazier, Interim Dean, UM-Helena College of Technology (UM-HCT),** said that he had only been at UM-HCT for two-and-one-half months. He talked about the observations that he had regarding the campus.

**Interim Dean Frazier** said that most of his work experience has been at the four-year campuses. He stated that the students at the UM-HCT are "rough cut when they enter" and "gems of the

Treasure State" upon graduation. He commented that at another hearing, five different businesses talked about how important the UM-HCT's graduates work is for their businesses. He said, "It was very heartening to hear their testimony."

**Interim Dean Frazier** focused on the accomplishments that have occurred. He pointed out some of the changes that have occurred since the restructuring that happened in 1995.

**EXHIBIT(jeh24a03)**

***{Tape: 1; Side: A; Approx. Time Counter: 5.7 - 18.2}***

**Public Testimony UM-HCT**

**Steve Schlauch, Instructor Automotive and Diesel Technology Programs, Helena COT**, said that the advancements in electronics in computer technology have impacted the automotive and diesel industries at the same rate that technology has advanced for consumers. He explained the dynamic nature to this program.

**Mr. Schlauch** said that to keep up with the industry, financial resources are needed to update diagnostic tools, equipment and training aids. Manufacturers have helped and gave Ford Motor Company as an example.

**Mr. Schlauch** said that the current budgets do not provide enough resources to purchase the diagnostic equipment required to communicate with these vehicles, let alone any of the other tooling required to teach students about these new vehicles.

**Mr. Schlauch** asked the Subcommittee to please support additional funding for two-year technical education. In order to provide graduates the experiences that will be needed in the current job market, current tools and equipment are needed.

**Mr. Schlauch** asked the Subcommittee to support the building renovations at the COT in Helena. The renovations would bring all of the trade programs together at the proper campus facility for a more efficient use of resources. It would also reduce the need for students, faculty and training equipment to be moved between the two campuses. **Mr. Schlauch** said that moving automotive and construction technology from the main campus to the Poplar Street campus would help to vacate large-space-areas needed for expansion of the other non-trade programs.

***{Tape: 1; Side: A; Approx. Time Counter: 18.2 - 23.2}***

**Committee Questions UM-HCT**

Responding to **REP. JACKSON's** question about training in the automotive field, **Mr. Schlauch** said that most of the current technicians which are employed receive their training directly from the manufacturers. The manufacturing companies use Helena as a regional training center. UM-HCT provides the space and in return, the instructors sit in on the training as well.

**{Tape: 1; Side: A; Approx. Time Counter: 23.2 - 25}**

**Overview of UM-Western**

**Dr. Dick Storey, Chancellor, University of Montana-Western,** said that the best thing that we do at Western is to highlight the students. He introduced Ashly Shillcox.

**Ashly Shillcox, President of the Associated Students of the University of Montanan-Western (ASUMW),** explained in detail why she picked Western. She talked about Experience One and her involvement in that process. Her written testimony is Exhibit 4. [\*\*EXHIBIT\(jeh24a04\)\*\*](#)

**{Tape: 1; Side: A; Approx. Time Counter: 25 - 28}**

Western's presentation is divided into two sections. One is the PowerPoint presentation, Exhibit 5. Exhibit 6 is the text.

[\*\*EXHIBIT\(jeh24a05\)\*\*](#)

[\*\*EXHIBIT\(jeh24a06\)\*\*](#)

**Dr. Storey's** presentation focused on the programs UM-Western provides to the students. It is a comprehensive university known for its teacher education program. Other programs are in the industries, the sciences and business. UM-Western is also beginning an equine program.

**Dr. Storey** talked in depth about the block plan, or Experience One. The block system means that students and faculty teach one course at a time. One block is one course that lasts about three and one-half weeks. Upon completion of the first block, the students go to the next block. They take four blocks each semester or eight blocks per year. There are four credits per block, so the students can earn 16 or 32 credits in a year.

**Dr. Storey** informed the Subcommittee on the Outreach programs provided at UM-Western. Athletics is also important and he explained the reasons why. **Dr. Storey** briefly went over the partnership that UM-Western has with the community of Dillon.

With the education program, UM-Western has expanded and is getting more involved with Native Americans.

In order to provide a brighter future for UM-Western, **Dr. Storey** said that the campus needs to make improvements in enrollment, marketing, technology and the maintenance of their buildings. A dream at UM-Western is to provide a center for the Arts. UM-Western has a clear goal of being the best. A revised strategic plan will incorporate findings from a survey that was done.

**{Tape: 1; Side: B; Approx. Time Counter: 0 - 21.3}**

**Subcommittee Questions UM-Western**

**CHAIR FRANKLIN** asked how long it took UM-Western to implement the block system and what kind of faculty training was needed.

**Dr. Storey** believed UM-Western started to consider a block system in the mid-nineties. He explained that the faculty wrote the FIPSEE grant, which allowed them to get money so that the faculty could explore this concept in depth. The faculty visited campuses that have already done this type of teaching, and after lengthy discussions, the faculty decided on a pilot program.

**Dr. Storey** said that the block system started three years ago with a group of about 70 students. In the second year about the same number of students were involved and worked well. A lot of time was spent talking with faculty about how to change from a lecturing class to involving students in discussion, presenting the students with different challenges and problem solving.

**Dr. Storey** told the Subcommittee that for a couple of years, experts were also brought to Western. These people talked to the faculty and staff about what needed to be done in order to have a successful experience. This spring, some faculty are going sit in on classes at Colorado College which are using the block plan.

**CHAIR FRANKLIN** asked what proportion of faculty is in the block program.

**Dr. Storey** said that the faculty who are teaching the first-year students are the only faculty that are involved in the block system, but next year all of the faculty will be involved in the block system. Everything that can be done both professionally and personally to transition to the block system is being done.

Asked a question by **CHAIR FRANKLIN** about the FIPSEE grant, **Dr. Storey** stated the original FIPSEE grant was for \$1.3 million.

**Dr. Storey** responded to **CHAIR FRANKLIN's** next question by stating that there have been no other resources used to implement the block system. There were some attempts to get an assessment grant through FIPSEE or Title 3, and **Dr. Storey** feels that additional resources will have to be provided by some other funding source.

Asked by **CHAIR FRANKLIN** about the length of time the grant has been active, **Dr. Storey** said that the grant started in 1997. It was a three-year grant, with a couple of extensions. The few thousand dollars left of that grant are being used primarily for faculty training.

**REP. JACKSON** wanted to know ways in which the regular high schools and vo-tech centers are targeting the educationally-challenged students through the alternative programs and career counseling in the regular high school.

**Dr. Storey** said that on the Dillon campus, there is not a vo-tech or college of technology center. There are some two-year programs, and Western is strong in the industrial arts. UM-Western is exploring a two-year program where TECH is a partner. The focus would be on high-tech wood, metal and plastics. Western's role would be to provide the training. **Dr. Storey** said that UM-Western has historically been strong in teacher education which takes four years to complete.

*{Tape: 1; Side: B; Approx. Time Counter: 21.3 - 27.8}*

*{Tape: 1; Side: B; Approx. Time Counter: 27.8 - 28}*

#### Overview of Montana Tech-UM (TECH)

**Frank Gilmore, Chancellor, Montana Tech**, said that TECH was ranked the fourth best buy in public higher education in the nation, which means TECH produces very high quality graduates for relatively little money compared to TECH's peer institutions.  
[EXHIBIT\(jeh24a07\)](#)

**Chancellor Gilmore's** presentation focused on TECH's placement rates, salary trends, student accomplishments and COT. He also talked about the involvement that TECH has with Upward Bound, Jump Start, Tour of Nations and the Saturday Success Seminars.

**Chancellor Gilmore** responded to **REP. JACKSON's** question about career counseling by saying that TECH has a very active career placement program. He said that the director goes to high schools to counsel students in engineering careers and is active with the freshmen students at TECH in getting summer jobs. There is a career fair every fall and a health care fair in the spring.

**Chancellor Gilmore** said that TECH does a lot in this area but would like to do more.

**Chancellor Gilmore** provided a *Summary of the 2003 Graduate Survey* to the secretary.

[EXHIBIT\(jeh24a08\)](#)

**Chancellor Gilmore** provided a list of the projects that TECH is currently involved with that are related to industry or business.

[EXHIBIT\(jeh24a09\)](#)

**Chancellor Gilmore** addressed the student assistance programs and funding trends. He said with funding trends since 2003, students pay more for the cost of education at TECH than does the State.

**Chancellor Gilmore** ended his presentation by talking TECH's requested budget.

#### **Budget Requests from Montana Tech (TECH)**

**Chancellor Gilmore** said that TECH has an additional \$4.7 million funding request since the last biennium. The proposed \$3.6 million increase will be funded through an increase in tuition of twelve percent for the four-year programs and four percent for the two-year programs. The State's share will be \$1.1 million.

**Chancellor Gilmore** wanted to emphasize that this is a "starvation budget" for TECH. He continued, "We're something perhaps, a bit like a well bred race horse and we have run a lot of races but we are at the point where our ribs are beginning to show a little bit. And I think we will have to make some changes in the way we are funded over the next few years."

**Chancellor Gilmore** said that if this Subcommittee could support paying more of the play plan, it would be a great benefit to TECH's students. Tuition could then be reduced in the four-year programs.

**Chancellor Gilmore** added that if the this Subcommittee has the opportunity to address the bonding bill, he would ask for their support. The bill provides money for capital improvements.

**Chancellor Gilmore** said that the petroleum engineering program needs a new building. TECH's program is the third largest in the nation. The improvement to the state's economy and revenues can be attributed to the petroleum industry.

**{Tape: 2; Side: A; Approx. Time Counter: 0 - 23}**

**Public Testimony- Montana Tech-UM**

**Dr. John Brower, Professor of Mineral Economics in the Mining Engineering Department, Montana Tech,** talked about the pay plan and the challenges that TECH has with recruiting.

**EXHIBIT(jeh24a10)**

***{Tape: 2; Side: A; Approx. Time Counter: 23 - 30}***

**Overview of University of Montana-Missoula**

**George Dennison, President, University of Montana,** focused on the Missoula campus and the return on investment that occurs because of the educational experience.

**President Dennison** focused on what the benefits have been in academic affairs, students affairs, research and development and administration and finance. He provided some of the highlights that have occurred in each of these areas.

**EXHIBIT(jeh24a11)**

***{Tape: 2; Side: B; Approx. Time Counter: 0 - 19.5}***

**Public Comment - University of Montana-Missoula**

**Ashley Parkinson, Graduate Student in Environmental Studies Program, EVST, UM-Missoula,** talked about her personal experiences with EVST and UM-Missoula. She chose UM-Missoula because it is considered one of the top five departments of its kind in the country, in line with programs at Duke, Yale, University of Michigan and University of Wisconsin. Her academic interests are education and communication. She is interested in understanding how to change people's attitude and behaviors to be more environmentally responsible.

EVST has supported **Ms. Parkinson** in her academic work tremendously over the past two years. She was provided an internship in Washington DC with an international conservation organization that concentrates on education. This opportunity would not have happened without the connections or the resources that the department provided.

**Ms. Parkinson** believed EVST provides a great service to the state, by teaching students who are often idealistic how to work in the real world. EVST has allowed her to connect with those people who are closely affected by environmental issues in Montana. The Department teaches critical thinking and collaboration and the importance of a sustainable economy in conjunction with a sustainable environment.



With **Ms. Parkinson's** degree, she plans to work as an environmental educator either in the schools, a non-profit or a government agency. Through EVST, she is volunteering in the middle schools in Missoula. The most valuable part of her education has been the exposure to different cultures and ideas and ways of thinking about environmental issues here in Montana.

**Ms. Parkinson** hopes that this Subcommittee will continue to preserve the high quality of EVST and continue to recognize the amount of great work that is being accomplished.

**{Tape: 2; Side: B; Approx. Time Counter: 19.5 - 24.2}**

**Samantha Grant, Graduate Student, Education Leadership, UM-Missoula**, is a Native American student. UM-Missoula has been very supportive of the Native American students. **Ms. Grant** told of the various need-based aid programs that have helped her succeed. Her testimony focused on how the campus programs have helped her personally. She is involved with various programs, clubs, advisory council, grants and is also a mentor.

**Ms. Grant** ended by saying that UM-Missoula has been very helpful in recruiting and retaining Native Americans.

**{Tape: 2; Side: B; Approx. Time Counter: 24.2 - 27.8}**

**{Tape: 3; Side: A; Approx. Time Counter: 0 - 0.4}**

The Subcommittee reconvened at 10:25 A.M.

**{Tape: 3; Side: A; Approx. Time Counter: 0.4 - 1.4}**

#### **FY 2006/2007 Return on Investment**

**President Dennison** noticed that he had skipped two important slides. These two slides focus on the continued effort on a return on investment for administration and finance in FY 2006 and FY 2007.

**EXHIBIT(jeh24a12)**

**MADAM CHAIR FRANKLIN** asked that before President Dennison moves to the next part of the presentation, areas of concern for the four campuses, SEN. ESP has some comments he would like to make in regards to some students.

**SEN. ESP** informed the Subcommittee that last fall he hosted a group of students from the EVST program. He was pleased that the group came and wanted to convey his thoughts and appreciation to Ms. Parkinson.

**President Dennison** said that he will make sure SEN. ESP's thoughts get back to the students and thanked him for his willingness to come to UM-Missoula over the summer.

**CHAIR FRANKLIN** asked if there will be other field opportunities like the one SEN. ESP provided to students and **President Dennison** replied "Certainly, Madam Chair, we intend to continue those".

*{Tape: 3; Side: A; Approx. Time Counter: 1.4 - 7.1}*

**Areas of Concerns, UM-All Four Campuses**

**President Dennison** said that he wanted to bring to the Subcommittee's attention the areas of concerns that the four campuses are facing. He addressed declining enrollment, student debt load and the lack of Native American participation. He explained three areas needed to provide a quality education.

[EXHIBIT\(jeh24a13\)](#)

*{Tape: 3; Side: A; Approx. Time Counter: 7.1 - 14.9}*

**Budget Information, UM-All Four Campuses**

**President Dennison** provided information on what the Governor's proposed revenue budget would do for the four campuses.

[EXHIBIT\(jeh24a14\)](#)

A new approach for budgeting for higher education has been adopted by The Board of Regents. This board has requested that each individual campus provide an appropriate expenditure level that would maintain quality on the campuses.

**President Dennison** delineated the budget level of each of the campuses. In order to achieve those expenditure levels, the campuses will use the money appropriated by the State and then figure out what tuition rates would be needed in order to maintain quality education. Reducing the tuition might be a possibility. He explained that differential tuition has been proposed at the Board of Regents. The smaller schools need more assistance because of the smaller number of students that are enrolled; hence, the State's share of funding the smaller institutes will be higher. Slide 4 of Exhibit 14 provided the proposed tuition increase.

**President Dennison** addressed two areas he would like the Subcommittee to consider. These are with the pay plan and the Shared Leadership initiatives, Exhibit 15.

[EXHIBIT\(jeh24a15\)](#)

Slide 1 on Exhibit 15 is an example showing how much tuition could be reduced if the State would be willing to provide a greater share in funding education. **President Dennison** said that one area that could be increased is with the General Fund's share of the pay plan. The pay plan in 1990 was funded at 100 percent and presently it is at 38 percent or 39 percent. That trend could be reversed over a two- or three-biennium period that would allow the educational system to be able to reduce tuition.

**President Dennison** said he would also like the Subcommittee to consider support of the Shared Leadership initiatives.

*{Tape: 3; Side: A; Approx. Time Counter: 14.9 - 21}*

**Subcommittee Questions, UM-All Four Campuses**

**REP. JACKSON** had a concern about dropouts. The educational programs that do not have a vocational component are not very successful. He asked President Dennison to describe what the university system is doing in terms of the dropout problem.

**REP. JACKSON** was also aware of a bill that would extend the cap on the age of kids in high school, but he would not support the bill because it would not solve the problem. He sees the university system in a position to help with the dropout problem.

**President Dennison** said that the dropout problem is a critical issue. TECH has the JUMP START program. The COTs have dual enrollments.

**President Dennison** informed the Subcommittee about a piece of property that is associated with the Missoula College of Technology which will eventually be sold. The sales proceeds would go into a fund that would provide money for a joint effort on the part of the school district and the university to build the kinds of facilities and programs being discussed.

**REP. JACKSON** asked President Dennison to comment on the Project Challenge program and the steps needed next in that program.

**President Dennison** stated that the program has been in place for four years. The number of graduates who have gone onto college is not as high as was predicted. He added the program works well and those students who go into the workforce or into the military are helped immensely .

**President Dennison** mentioned there have been some concerns raised about the costs per student. He believed more preventive

programs are needed. The people who are currently in difficulty need help and that intervention is going to be expensive.

**President Dennison** thought that the next step is to continue funding the program. As far as he knew, the city of Dillon and UM-Western are willing to continue that program; although if there is a significant increase in enrollment to UM-Western, the space that is used for the Project Challenge program may be needed elsewhere. Right now, Project Challenge is serving the campus well and serving those "at risk" students.

**Chancellor Storey** thought that Project Challenge was a very good program. He said that UM-Western is trying to figure out some ways to do even more things with the Challenge kids on campus. There are a number of UM-Western's students who help the kids get into the atmosphere of college life. UM-Western should be clever enough to come up with some two-year programs that would help these kids with some kinds of training.

**REP. JACKSON** would like to remove our reliance on fuel from the middle east and asked for discussion on hydrogen.

**President Dennison** discussed what Paul Williamson is doing with hydrogen cells, including designing a plan that would support the entire UM campus being powered by fuel cells. According to Mr. Williamson, Montana is well positioned to benefit from hydrogen production. **President Dennison** said that if President Bush's administration carries through on its initiative in hydrogen, Montana would be well positioned in regards to producing hydrogen. TECH has the interest and the expertise in this area and UM-Missoula is in collaboration with them.

***{Tape: 3; Side: A; Approx. Time Counter: 21 - 30.6}***

**Chancellor Gilmore** said that he has had a personal interest in hydrogen and the hydrogen economy for a long time. He thinks that Montana is probably positioned the best of any state in the nation to play a major role in the hydrogen economy since it has low sulphur coal deposits. He hopes that he can live long enough to see all vehicles run on hydrogen and fuel cells.

In response to **REP. JACKSON's** question relating to ethanol, **President Dennison** said as far as he knew the Missoula campus has not worked much on ethanol.

**President Dennison** informed the Subcommittee that what Missoula has worked on focuses on bio-diesel. The buses that are transporting the students use bio-diesel made from products in Montana. A chemistry graduate student is working with the

agricultural people at MSU to move the product forward. He thought that this product has great potential.

**SEN. ESP** wanted to know if some of the money that was earmarked for two-year colleges could go to high school graduates. He also wondered if there could be financial assistance to the best and brightest high school students wanting to go to two-year colleges. **SEN. ESP** was of the opinion that with many entering two-year programs are not right out of high school but coming back to education at a later date. He wondered if financial assistance could be provided to these non-traditional students who did not directly proceed to higher education.

**President Dennison** said that it has been identified in the studies, that there is not a very secure approach to financial assistance for students who have been in the workforce and want to come back to the educational system. These students want to maintain their jobs while in school but need some assistance on a part-time basis. One of the ways to address the issue is by broadening the State grants to include those students who are enrolled on a part-time basis, not necessarily recent graduates, but who have the need to upgrade their skills.

**President Dennison** informed the Subcommittee that as the economy continues to change in the state, higher education is going to have to provide current programs that will be needed in the workforce. He said if the state does not provide the programs, qualified workers will be imported. He has been encouraged by what the Regents have proposed to do. The Regents are surveying businesses around the state to see what the employers need as far as employee skills. Once the Regents assimilate the information, educational programs can be set up which are directly related to job opportunities in Montana.

In order for workforce development to be successful, **President Dennison** said mechanisms of financial assistance will be needed. He believed the only way that could happen is by broadening the definition under the State grant program.

**Dr. Sheila Stearns, Commissioner of Higher Education**, said it was her understanding that with the Best and Brightest bill (HB 435), the significant two-year need-based component is not just for recent high school graduates but that it would also include anyone who is seeking and needing two-year workforce development aid.

**{Tape: 3; Side: B; Approx. Time Counter: 0 - 6.6}**

**CHAIR FRANKLIN** asked what the cost per student is in the Project Challenge program.

**Chancellor Storey** said that UM-Western houses the program and supports it, but he didn't have those figures right now. He could ask those involved with this program to provide the figures to this Subcommittee.

*{Tape: 3; Side: B; Approx. Time Counter: 6.6 - 7.6}*

**SEN. RYAN** asked if Project Challenge was no longer housed at UM-Western, what the financial impact would be to UM-Western as far as meeting some of the fixed costs.

**Susan Briggs, Chief Financial Officer, UM-Western,** said that the Challenge Program is an integral part of the auxiliary services of UM-Western. In other words, the lease of a dormitory and the food-service contract with the Montana Youth Challenge Program help UM-Western meet the fixed costs required to provide dormitories and food service to all students. Prior to this program, UM-Western was struggling to maintain quality services. **Ms. Briggs** said the most important item is what the program does for youth in Montana. She believed the hearing covering all the details of this program was next Tuesday.

**Ms. Briggs** informed the Subcommittee that the focus of the Montana Youth Challenge Program is educationally-related in its personal mentor training and in moving students forward to their GED. It has been a very successful program and has made efficient use of State facilities and State resources which were under-utilized.

Answering **CHAIR FRANKLIN's** question about the cost per student, **Ms. Briggs** said the lease is right around \$600,000. UM-Western is able to serve those students below the federal costs for food service. The federal cost allows around \$15 a day per student and UM-Western costs are right around \$13 a day per student.

*{Tape: 3; Side: B; Approx. Time Counter: 7.6 - 12.8}*

Asked by **SEN. ESP** about block programs at Missoula, **President Dennison** said they did not have any. The approach works better on a small- to medium-sized campus.

**Chancellor Storey** replied there are no large schools that have really tried to tackle a block plan. UM-Western is the first public institute with about 1,100 students. Two private schools in the block system have about 2,000 and 1,200 students. He

thought that it would be difficult without a tradition of smaller classes, i.e., 20, 30, 40 students, to start the block system.

**SEN. ESP** thought that Chancellor Storey may be right. The students who came to his house said they had to get their other school work done ahead of time. He thought that if the students had the ability to have a three- or four-day block of time, they could have learned more than they did. In the conflict resolution program, it would be especially nice to have a series of classes that do field work, and it might be advantageous to both college students and the program.

**President Dennison** said that with the conflict resolution course, there is time set aside to do field work. The outside work provides insights and understanding that are necessary in that profession. He restated that this type of learning is being done selectively, where as the block plan is system-wide for all of the undergraduates. For the most part, experimental learning is being done with graduates rather than with undergraduates.

***{Tape: 3; Side: B; Approx. Time Counter: 12.8 - 16.3}***

**CHAIR FRANKLIN** wanted President Dennison to talk about the future plans of the allocation model.

**President Dennison** said that MUS had recommended to the Regents some modification of what had been the traditional allocation formula.

**President Dennison** stated how the allocation amount is figured, then distributed to each campus. The formula has been "tweaked to death," so that it no longer really speaks to what the issues might be, especially with the smaller campuses.

**President Dennison** said that UM and MSU have recommended an interim step which would allow the allocation of the General Fund in a way to support those campuses through the next biennium. He hopes that the Regents will accept most of what has been recommended, then make some modifications around the margins.

**President Dennison** added that the Regents plan on bringing in external consultants to review the whole allocation formula. The goal is to provide an allocation formula that speaks to equity by campus and excellence by campus. He believed the Regents would like to have legislative participation involved in this process so that everybody has an understanding of what is happening with the allocation model.

**President Dennison** informed the Subcommittee that the interim step will allow the time needed for the Regents to come up with the equitable allocation model. He was confident that once the external consultants analyze the model, MUS will be confirmed for differential tuition. MUS will be provided a solution which will allow each of the campuses to pursue excellence as defined by the mission of each campus.

Asked by **CHAIR FRANKLIN** about when the change would happen, **President Dennison** thought that the change would occur in the next biennium.

**President Dennison** said that everyone is going to need to understand the modifications that are being made to the allocation model. In this biennium, the Regents are going to have to assure that the campuses can do well in preparation for the next approach.

**CHAIR FRANKLIN** thought that after UM and MSU did their presentations, Mr. Sundsted could address the current state of the allocation model and how it is managed. She thought that would allow the Subcommittee to be able to track the changes to the allocation model if there are going to be any.

**President Dennison** thought that the Commissioner would agree. He wanted to remind the Subcommittee that with the sheet handed out by Mr. Sundsted showing the expenditure levels, there was a reduction in expenditure level for UM-Missoula. That reduction was reflected in what was stated in today's hearing. It was UM-Missoula's recommendation.

[EXHIBIT\(jeh24a16\)](#)

Since Mr. Sundsted had arrived at the hearing, **CHAIR FRANKLIN** restated her idea.

*{Tape: 3; Side: B; Approx. Time Counter: 16.3 - 21.9}*

**Mr. Peura, LFD** wanted to know if the numbers on the slide referencing the potential tuition rates and the individual campuses budget points of clarification reflect the proposed pay plan, as well as HB 2. [Last slide on Exhibit 14].

**President Dennison** responded, "Yes they do." He said that they reflect the present law adjustment part of the proposed pay plan. If the level of support to the pay plan changes, these numbers will change. These numbers also reflect the expenditure levels which were approved by the Regents.



**Mr. Peura** said that on the third-to-last slide, the figures total around \$737,000. Any adjustments made either in HB 2 or HB 447 (pay plan bill) to the total of \$737,000 could be assumed to translate into approximately a one percent buy down in tuition at MUS. [This is in Exhibit 15]

**President Dennison** said, "Yes. That is exactly the point."

**{Tape: 3; Side: B; Approx. Time Counter: 21.9 - 23.5}**

**Mark Bruno, OBPP**, said that with HB 5, which is in the Long Range Planning Committee, there is about \$16 million worth of deferred maintenance projects included for MUS.

**Mr. Bruno** directed the Subcommittee to look on pages D-161 in the Legislative Fiscal Division 2007 Biennium and D-56 in the Governor's Budget for the Youth Challenge Program. This program is part of Military Affairs. It is a separate program. There are tables on these pages that provide some figures.

[EXHIBIT\(jeh24a17\)](#)

**{Tape: 3; Side: B; Approx. Time Counter: 23.5 - 24.4}**

#### Public Comment

**Professor John Brower, Montana Tech**, wanted to add a little more to President Dennison's response to the question from REP. JACKSON on ethanol.

**Professor Brower** said that there are two aspects about ethanol. One is as a substitute or additive to gasoline and the other is as a source for hydrogen. He said that a car could burn up to about ten percent ethanol without making any changes to the automobile's system. Over that amount, expensive changes in technology to the automobile will have to happen.

**Professor Brower** talked about Brazil's mandated use of ethanol. He provided the reasons why this has happened.

**Professor Brower** talked briefly about ethanol, gasoline and diesel and the difference between the three.

**Professor Brower** said that various states now have ethanol mixed with gasoline and a driver can usually select ethanol at the same price as regular gasoline. Ethanol is subsidized. If it were not subsidized, he would guess that a person would probably be looking at 50 cents to a dollar a gallon more. He relayed that all of the ethanol being used in a petroleum blend is subsidized.

**Professor Brower** said that the early fuel cells used pure hydrogen. The source of hydrogen isn't a natural occurrence. Gasoline or ethanol can be converted to hydrogen. It is called reforming. Another way to convert hydrogen is to separate water into two beakers which if done on a large scale is much more expensive than reforming.

**Professor Brower** said that the emerging technology is to use gasoline or ethanol as a source for hydrogen, which is not cheap. The batteries cost about \$3,000 to replace.

**Professor Brower** commented on the price of gasoline. He said in terms of inflation adjusted prices, gasoline should cost \$2 a gallon. **Professor Brower** questioned people getting agitated that gasoline is \$2 a gallon yet will pay between \$4 to \$6 a gallon for bottled water.

***{Tape: 3; Side: B; Approx. Time Counter: 24.4 - 28.8}***

Since there was no further public comment, **CHAIR FRANKLIN** reminded the Subcommittee of the field trip the next morning to UM-HCT followed by a 10:00 o'clock hearing on February 1, starting with Montana State University campuses.

***{Tape: 4; Side: A; Approx. Time Counter: 0 - 1}***

**ADJOURNMENT**

Adjournment: 11:21 P.M.

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REP. EVE FRANKLIN, Chairman

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DIANA WILLIAMS, Secretary

EF/dw

Additional Exhibits:

**EXHIBIT ([jeh24aad0.TIF](#))**